Investment in IPO by Nationalised Banks

1132. SHRI DHARM PAL SABHARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government is probing into the January 22, 2008 market crash;

(b) if so, the details in this regard;

(c) whether it is a fact that several Nationalised Banks, Life Insurance Corporation and other insurance companies have invested in the IPO of Reliance Power Limited (RPL); and

(d) if so, the details of amount invested by these institutions in RPL's, IPO and the loss suffered on the opening day of the IPO?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) SEBI has not ordered any investigation into the market movement on January 22, 2008.

(c) and (d) As per the details provided by the Registrars to the Issue, 19 Nationalized Banks, State Bank of India, 7 Associate Banks of State Bank of India, Life Insurance Corporation of India and 15 other Insurance companies had invested about Rs. 620 crore in the IPO of RPL. The loss would depend on how many shares these institutions sold on opening day and at what price. However, the national loss on first day of listing on total number of shares allocated to these institutions calculated as the difference between issue price and closing price at Bombay Stock Exchange works out to Rs. 106.74 crore.

Recommendation of twelfth Finance Commission

†1133. SHRI LALIT KISHORE CHATURVEDI:
DR. GYAN PRAKASH PILANIA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that it is compulsory for State Governments to borrow 70 per cent debt alongwith 30 per cent grant under plan provision;

(b) whether State Governments have to take this loan from specific institutions as per the guidelines of the Central Government;

(c) whether it increases unnecessary debt load on the State Government;

(d) whether any change is considered as per the recommendations of the twelfth Finance Commission; and

(e) whether it is also a fact that this recommendation that only share of grant may be given to States and they may not be compelled for share of debt has been made in respect of centrally enforced scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir. The Government has accepted the approach suggested by TFC that the Centre would release only the grant portion of Central assistance and leave it to the States to raise the loan portion from any other source or not to draw the loan portion of Central Plan assistance at all.

†Original notice of the question was received in Hindi.